

# County of Los Angeles 2006-07 Proposed Budget



*"To Enrich Lives Through Effective and Caring Service"*

# 2006-07 Proposed County Budget



Submitted to the

## **Board of Supervisors**

by

**David E. Janssen, Chief Administrative Officer**

and

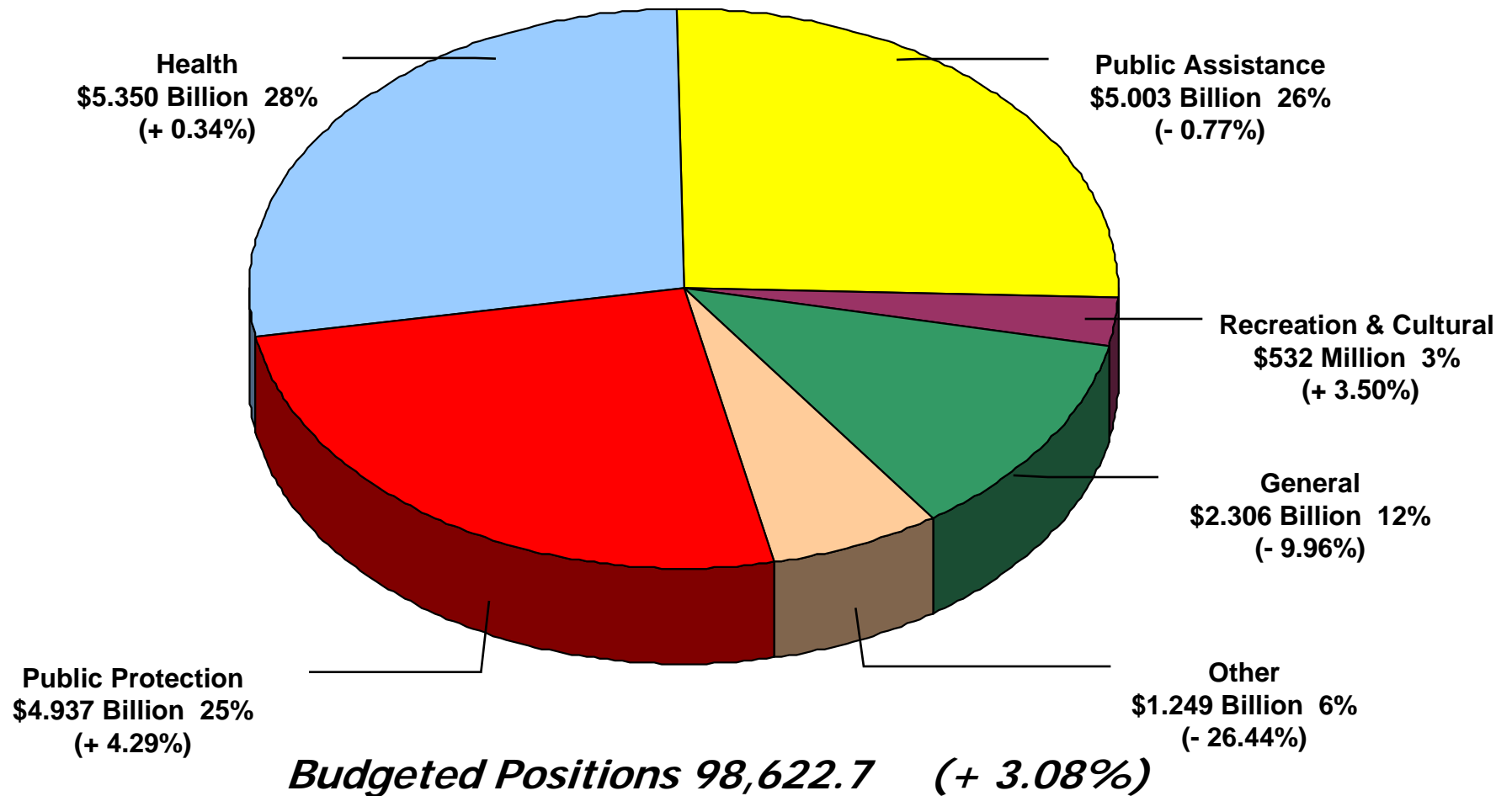
**J. Tyler McCauley, Auditor-Controller**

# 2006-07 Proposed Budget (in Billions)

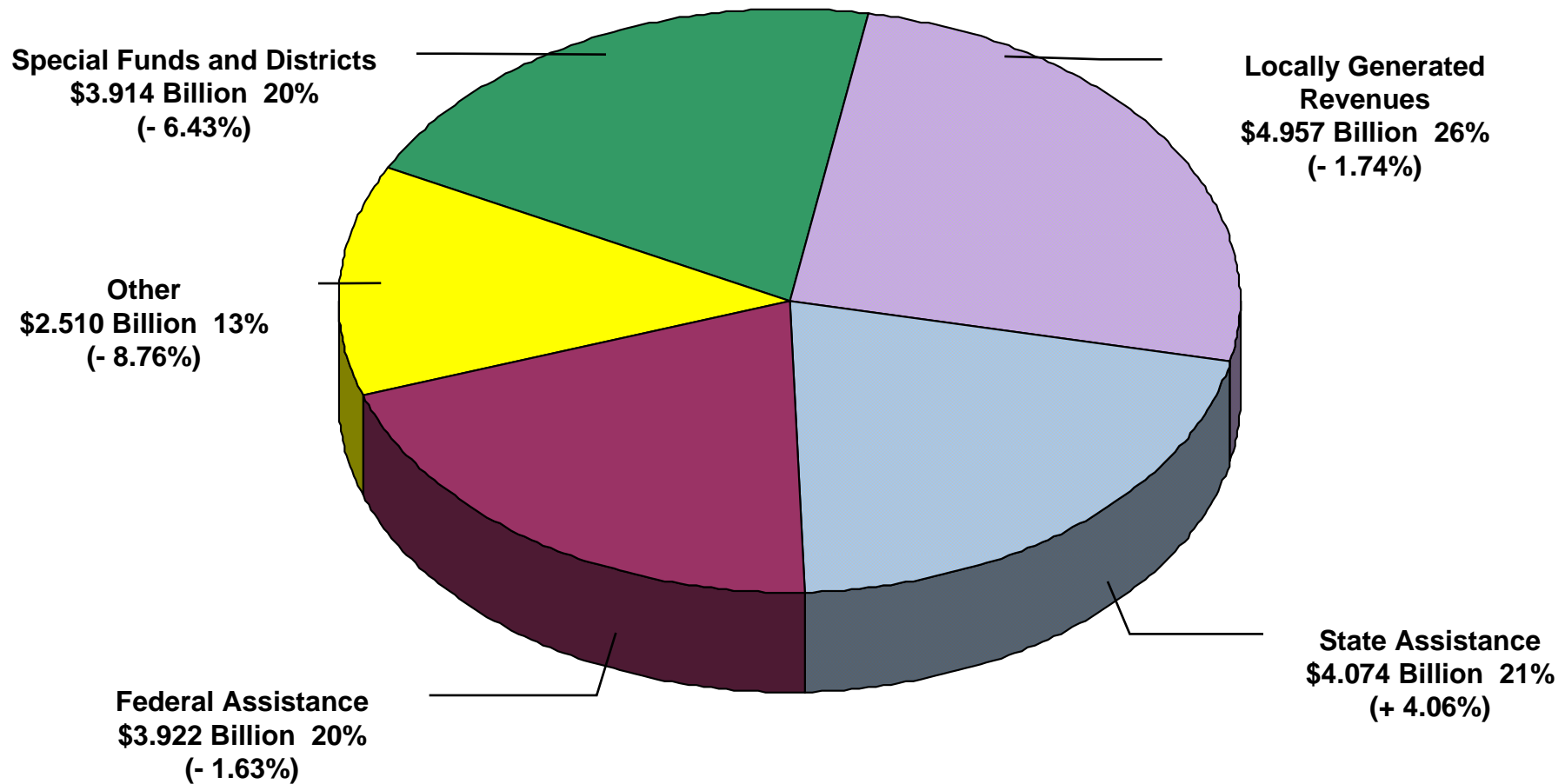


| Fund                    | FY05-06<br>Adopted<br>Budget | FY06-07<br>Proposed<br>Budget | Change<br>From<br>Budget | % Change<br>From<br>Budget |
|-------------------------|------------------------------|-------------------------------|--------------------------|----------------------------|
| Total General County    | \$ 15.697                    | \$ 15.463                     | \$ -0.234                | -1.49%                     |
| Special Funds/Districts | 4.183                        | 3.914                         | -0.269                   | -6.43%                     |
| Total Budget            | \$ 19.880                    | \$ 19.377                     | \$ -0.503                | -2.53%                     |
| Budgeted Positions      | 95,674.5                     | 98,622.7                      | 2,948.2                  | +3.08%                     |

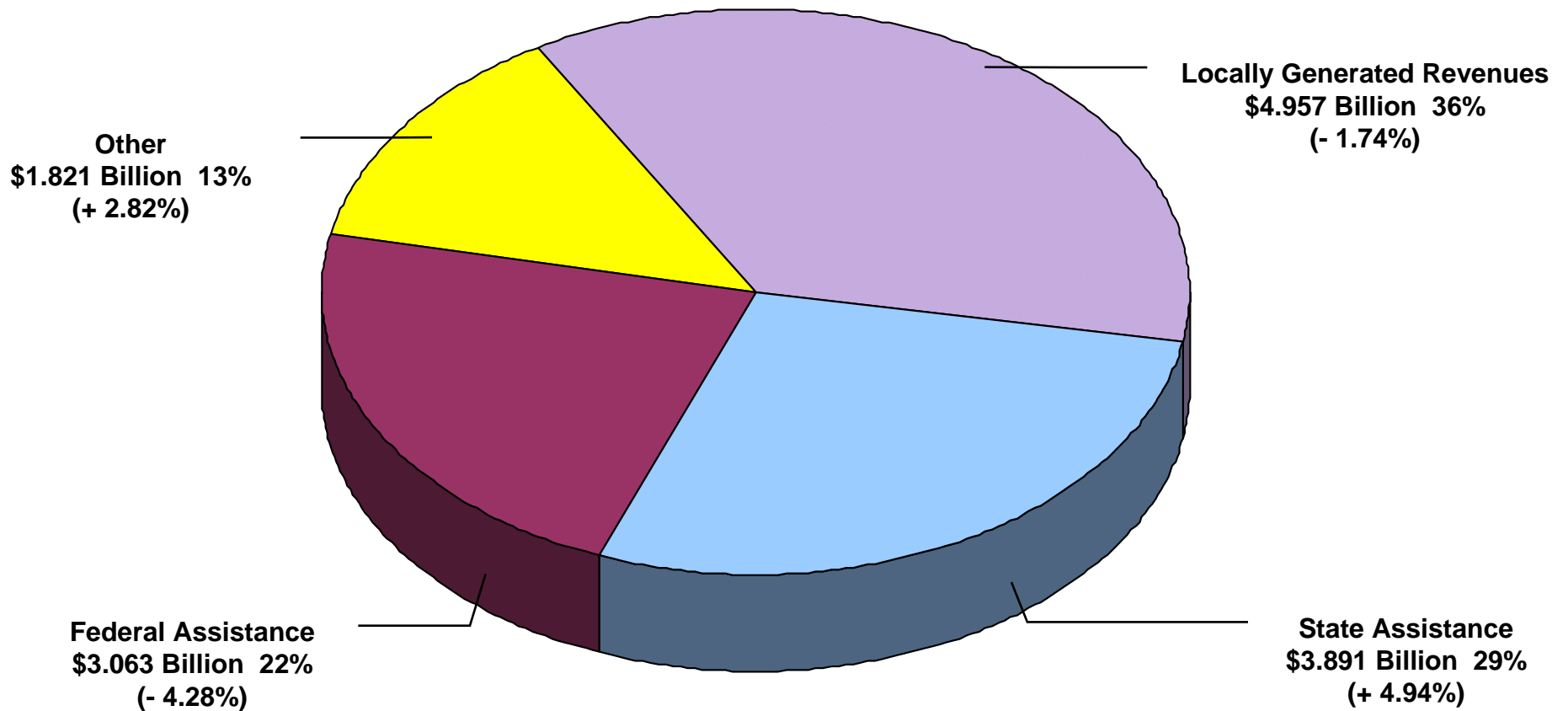
# Total Cost By Function \$19.377 Billion (-2.53%)



# Total Revenue \$19.377 Billion (- 2.53%)

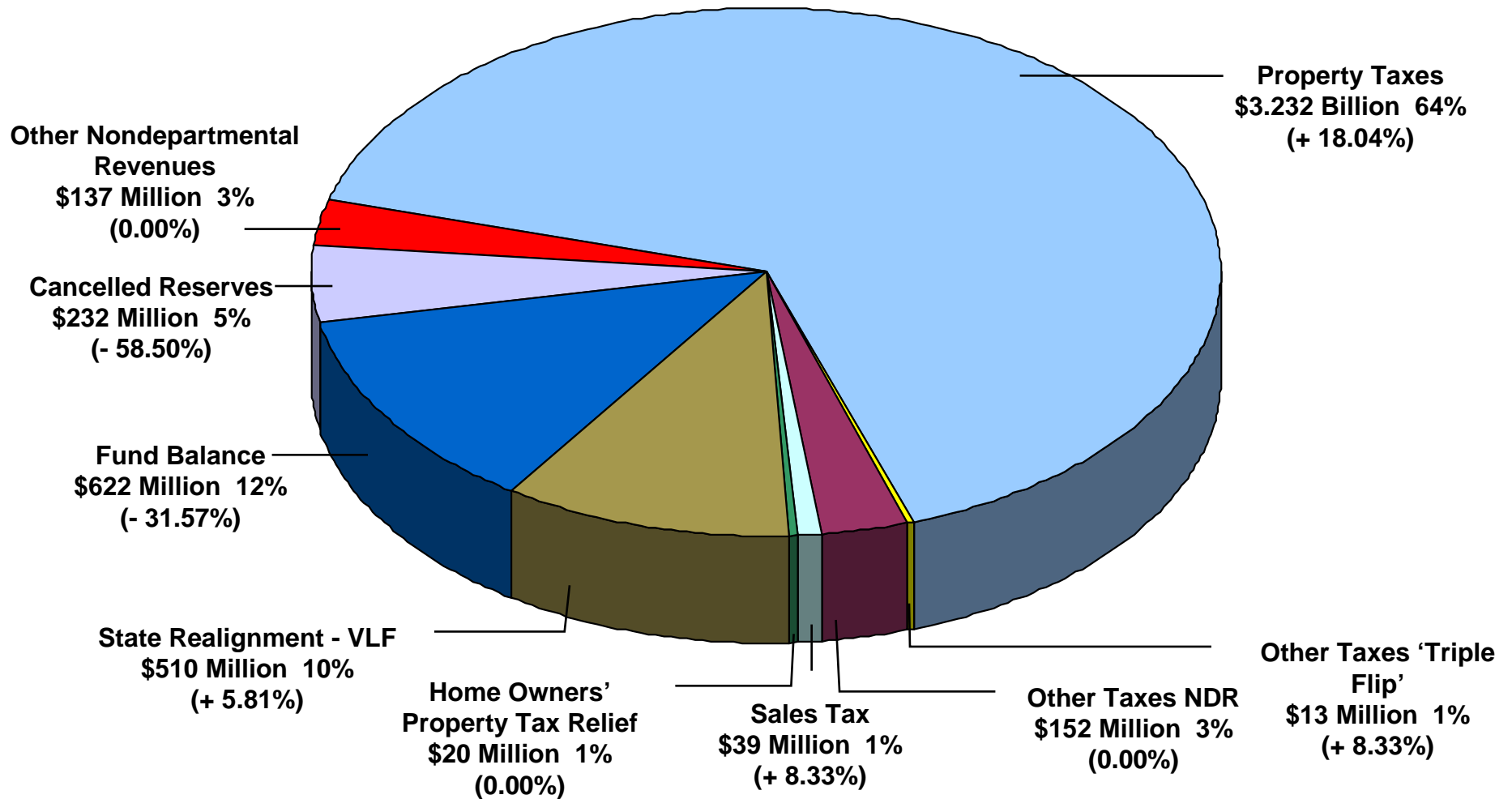


# Total Revenue General Fund \$13.732 Billion (+ 0.06%)



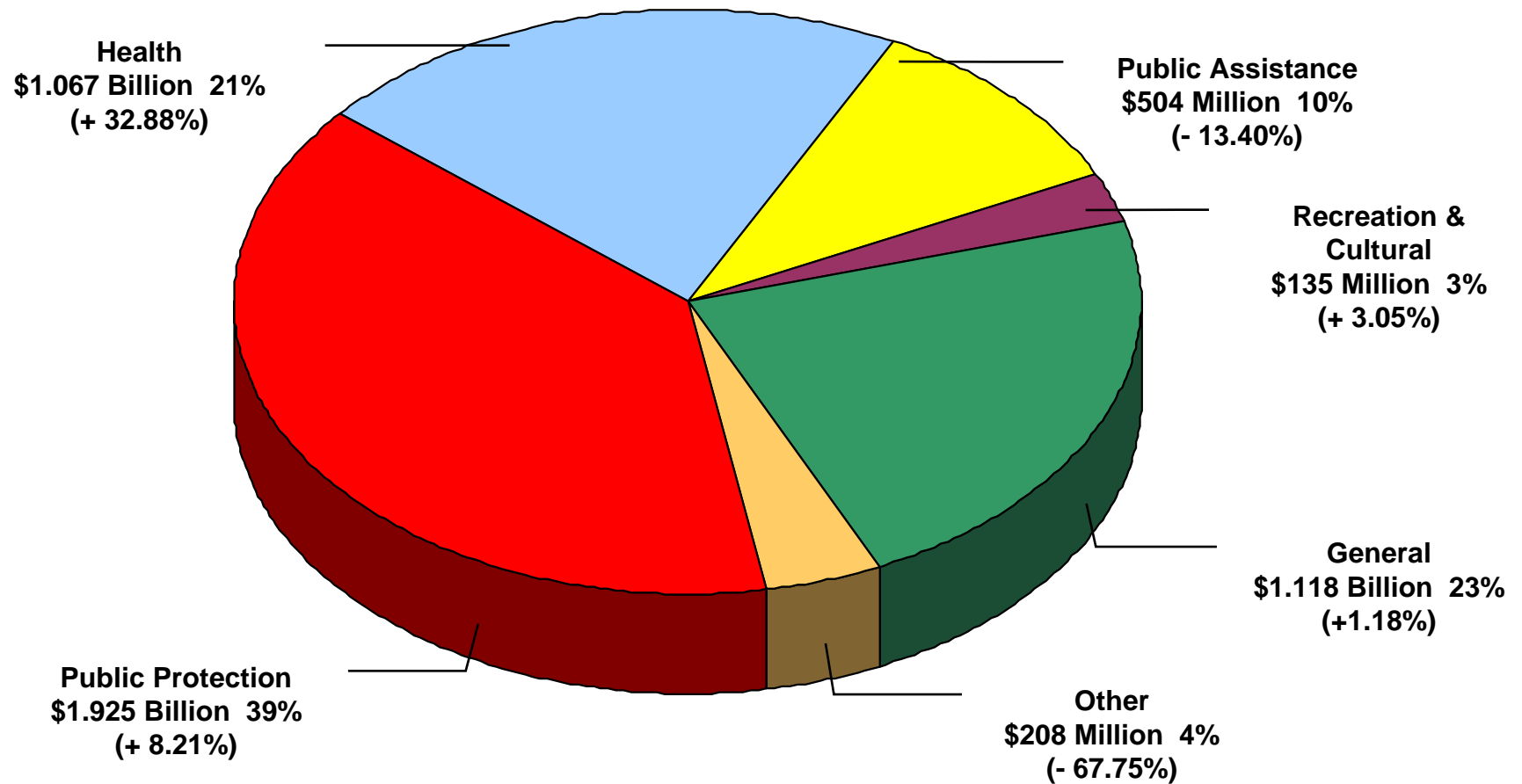
# Locally Generated Revenues

## \$4.957 Billion (- 1.74%)



# Net County Cost By Function

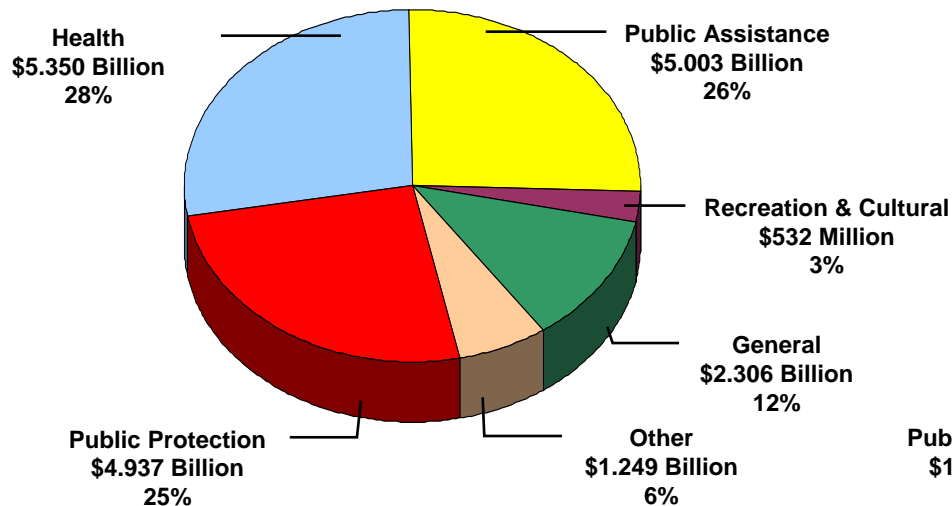
## \$4.957 Billion (- 1.74%)



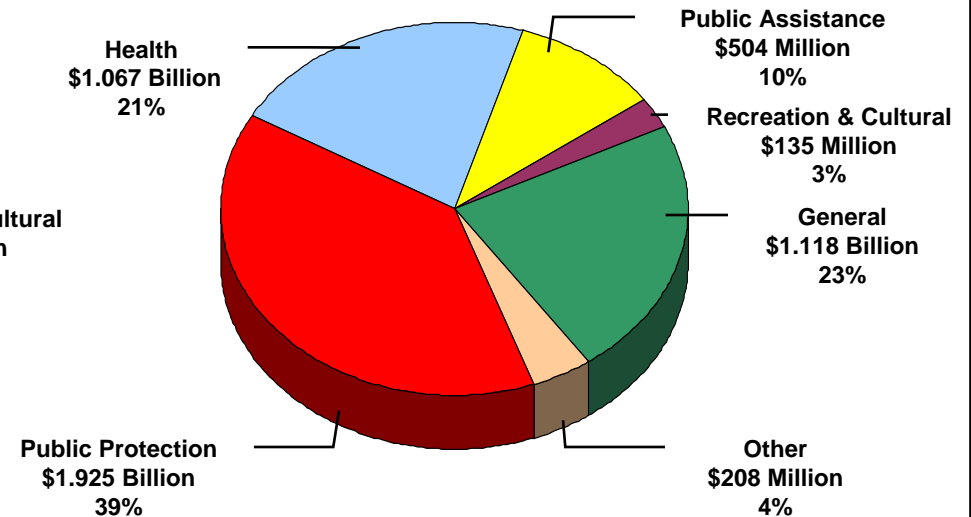
# Cost Comparison By Function



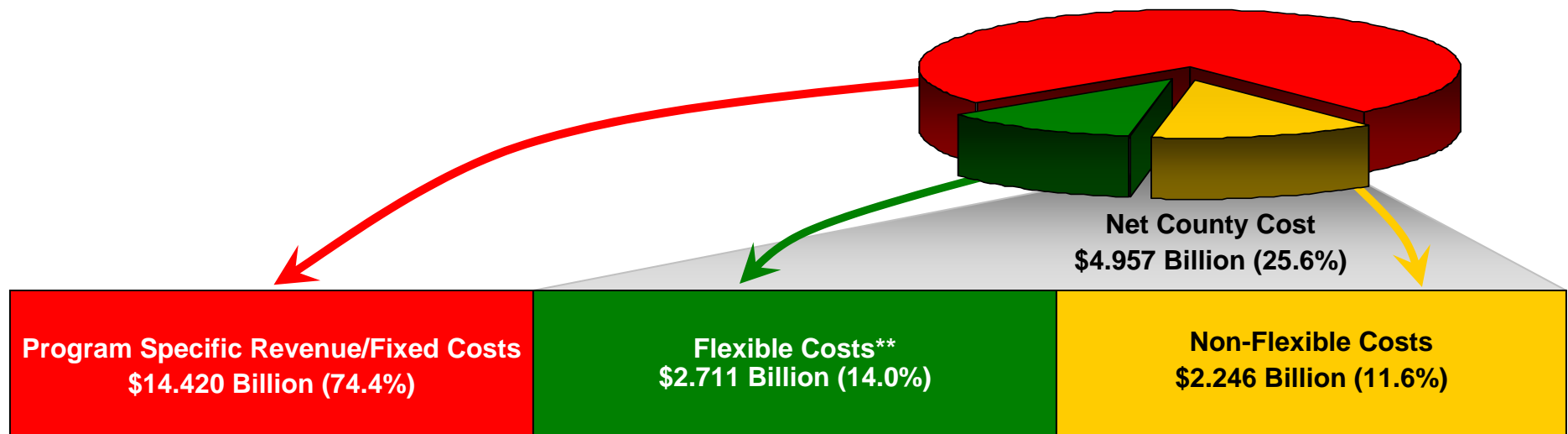
## Total Cost \$19.377 Billion



## Net County Cost \$4.957 Billion



**Total Proposed Budget \$19.377 Billion\***  
Decrease of \$503.1 Million or 2.53%

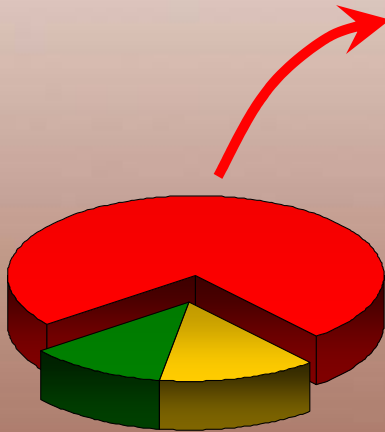


## Mandated vs. Discretionary Cost

\*Excludes major interfund transfers of revenue that would artificially inflate the size of the total County budget

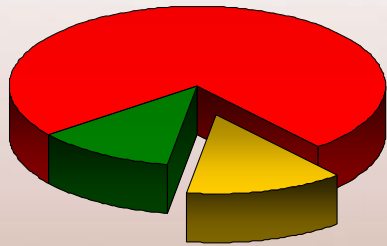
\*\*Flexible Costs include one-time only expenditures and mandatory functions with discretionary service levels

**Program Specific Revenue/Fixed Costs**  
**\$14.420 Billion (74.4%)**



(\$ in millions)

|  |    |         |
|--|----|---------|
| Debt Service Funds                                   | \$ | 9.5     |
| Health/Social Services                               | \$ | 7,769.1 |
| Property Tax Administration                          | \$ | 73.0    |
| Proposition 172 - Public<br>Safety Augmentation Fund | \$ | 640.7   |
| Sheriff  | \$ | 542.3   |
| District Attorney                                    | \$ | 98.4    |
| Special Funds/Districts                              | \$ | 3,914.4 |
| Revenues That Offset Costs                           | \$ | 1,854.2 |
| Trial Court Funding                                  | \$ | 159.4   |



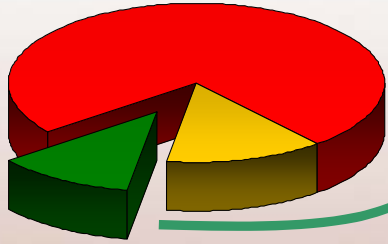
## Non-Flexible Costs \$2.246 Billion (11.6%)

### MOE & Mandatory Costs/Services \$2.190 Billion (11.3%)

|                              |          |
|------------------------------|----------|
| Alternate Public Defender    | \$ 43.2  |
| District Attorney - Criminal | \$ 53.6  |
| Health/Mental Health         | \$ 671.6 |
| Other Court Related          | \$ 232.1 |
| Indigent Defense             | \$41.6   |
| Probation - Other            | \$ 220.0 |
| Public Defender              | \$ 148.8 |
| Social Services              | \$ 415.0 |
| Sheriff                      | \$ 405.6 |

### Other Non-Flexible Costs \$55.7 Million (0.3%)

|                            |         |
|----------------------------|---------|
| <b>Capital Projects-</b>   |         |
| Seismic Retrofit           | \$ 0.1  |
| Grand Jury                 | \$ 1.3  |
| Judgments & Damages/Insur. | \$ 21.7 |
| Museums Obligation         | \$ 32.6 |



## Flexible Costs\*\* \$2.711 Billion (14.0%)

### Public Protection \$863.3 Million (4.5%)

|                                    |          |
|------------------------------------|----------|
| Community-Based Contracts          | \$ 2.8   |
| Coroner                            | \$ 21.5  |
| District Attorney- Criminal        | \$ 92.4  |
| Emergency Preparedness             | \$ 4.3   |
| Fire - Lifeguards                  | \$ 25.0  |
| Information Systems                |          |
| Advisory Body                      | \$ 0.2   |
| Office of Public Safety            | \$ 16.5  |
| Probation – Camps/Support Services | \$ 158.0 |
| Sheriff                            | \$ 530.6 |
| Other                              | \$ 12.0  |

### All Other Costs \$1.848 Billion (9.5%)

|                               |          |
|-------------------------------|----------|
| Agr. Comm./Wts. & Measures    | \$ 7.6   |
| Animal Care and Control       | \$ 9.7   |
| Appropriation for             |          |
| Contingencies                 | \$ 32.1  |
| Capital Projects              | \$ 400.9 |
| Consumer Affairs              | \$ 3.5   |
| Countywide Services           | \$ 55.6  |
| Extraordinary Maintenance     | \$ 76.5  |
| General Government            | \$ 570.3 |
| Health-Drug Court             | \$ 1.8   |
| Health-GF Contribution        | \$ 290.0 |
| Health-Tobacco                | \$ 101.8 |
| Health/Mental Health-Others   | \$ 62.6  |
| Homeless Services             | \$ 6.0   |
| Human Relations Commission    | \$ 2.8   |
| Ombudsman                     | \$ 1.0   |
| Other Public Services         | \$ 79.0  |
| Parks and Recreation          | \$ 88.0  |
| Other Recreation and Cultural | \$ 14.5  |
| Regional Planning             | \$ 12.0  |
| Reserves/Designations         | \$ 32.3  |

\*\*Flexible Costs include one-time only expenditures and mandatory functions with discretionary service levels

# Proposed Budget Overview



The Proposed Budget builds on last year's budget that focused on funding public protection and health services needs. This year's budget focuses on four main areas:

- Public Protection
- Children Services
- Homeless and Housing Programs
- Health

# Public Protection



## Sheriff

- Continues the restoration of 953 inmate beds throughout the Sheriff's custody system and adds 60.0 positions and \$31.4 million in funding.
- Continues funding of \$9.2 million to complete the re-opening of the Century Regional Detention Facility as a women's only jail.
- Sets aside \$25.0 million in funding for future security enhancements to the custody system.
- Improves custody medical services by increasing funding by \$10.0 million and adding 154.0 positions.
- Provides \$2.7 million in funding and 40.0 positions for operational costs associated with the opening of the new crime laboratory.
- Increases by \$12.0 million the Designation for Interoperability and Countywide Communications for the Consolidated Fire/Sheriff-Office of Public Safety (OPS) Communication System Project.

# Public Protection



## Park Security

- Increases funding by \$2.7 million and adds 32.0 positions for enhanced patrol of County parks by the Office of Public Safety.

## Probation

- Provides funding of \$17.4 million and adds 270.0 positions to fully implement corrective actions at the Department's juvenile halls as authorized by the Board on January 31, 2006.
- Increases funding by \$2.0 million and adds 30.0 positions for staff development and training.

## DNA Units

- Creates DNA Units within the Alternate Public Defender, the District Attorney and the Public Defender to address increase workloads from the passage of Proposition 69 DNA Fingerprint, Unsolved Crime and Innocence Protection Act. Funding for these units totals \$4.5 million and adds 30.0 positions.

# Children Services



The Proposed Budget recommends \$16.6 million and 466.0 positions in programs that will help promote the key three outcomes of improved permanence, improved safety, and reduced reliance on detention.

| <u>Programs</u>              | <u>Net Cost</u> | <u>Positions</u> |
|------------------------------|-----------------|------------------|
| Concurrent Planning Redesign | \$8.7 million   | 229.0            |
| Permanency Partners Program  | \$2.4 million   | 94.0             |
| Emergency Response Staff     | \$2.2 million   | 55.0             |
| Team Decision Making         | \$2.0 million   | 49.0             |
| Kinship Support              | \$1.1 million   | 35.0             |
| Mentoring Program            | \$0.2 million   | 4.0              |

# Homeless and Housing Programs



The Proposed Budget establishes a new General Fund budget unit for homeless and housing program and transfers \$6.0 million of existing funding to centralize County resources for homeless programs.

On April 4, 2006, the Board approved the County's Homeless Prevention Initiative and directed the Chief Administrative Officer to identify \$80.0 million in one-time funding and \$15.6 million in ongoing funding during the Fiscal Year 2006-07 budget process to support the initiative.

The CAO will make funding recommendations to the Board during the Fiscal Year 2006-07 Budget Deliberations.

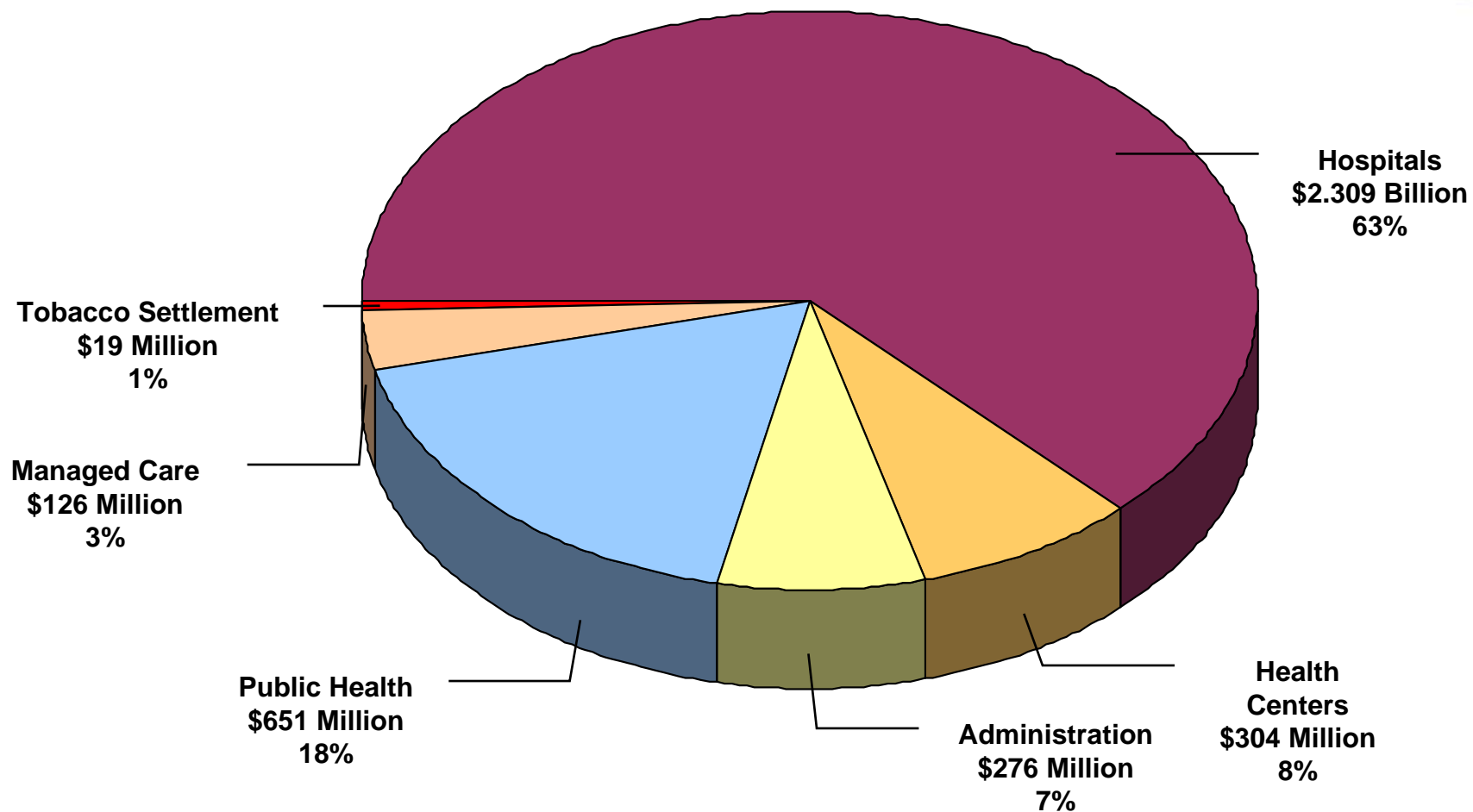
# Health & Mental Health



## Health

- Provides net increase of 828.7 budgeted positions, over half of which are nursing positions, and increased services and supplies costs to meet operational needs primarily at the County's hospitals and health facilities.
- Provides \$47.0 million in General Fund contribution designated as an intergovernmental transfer (IGT) to generate \$94.0 million in additional revenues.

# Health Services \$3.685 Billion



# Health & Mental Health



## Mental Health

- Provides \$48.2 million in service reductions to address the projected structural deficit for 2006-07. While \$7.1 million in service reductions to uninsured clients have been identified, the Department of Mental Health will work with stakeholders to develop curtailment plans to restructure the service delivery system to achieve the remaining \$41.1 million in service reductions.
- Includes \$2.1 million in additional General Fund overmatch funding for the Public Guardian that adds 16.0 positions to improve probate conservatorship services and reduce caseloads and investigation times.

# Social Services



## DPSS

- **CalWORKs Assistance** - Reflects a reduction of \$103.3 million due to projected caseload reductions.
- **In-Home Supportive Services (IHSS)** - Reflects an \$8.2 million or 3.7 percent increase in funding to address projected caseload increases.

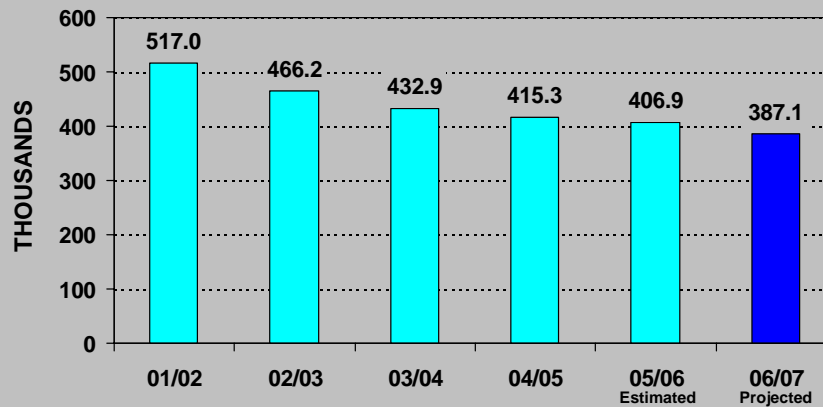
## Community and Senior Services

- Reflects \$1.7 million in funding for repairs and maintenance of service and senior centers.

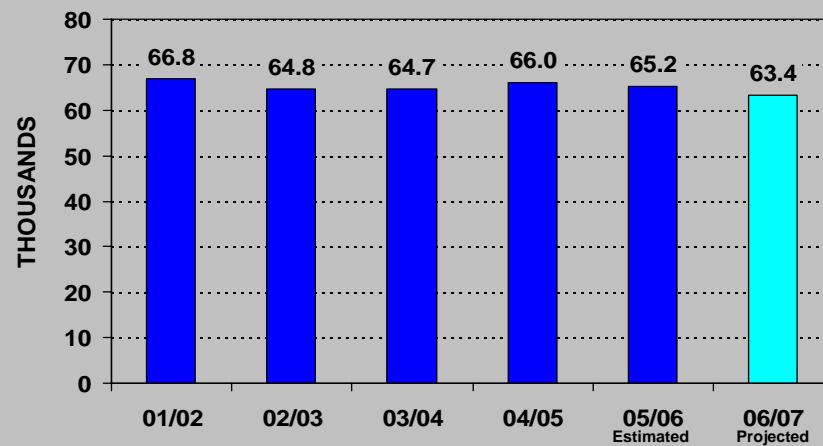
# Public Assistance



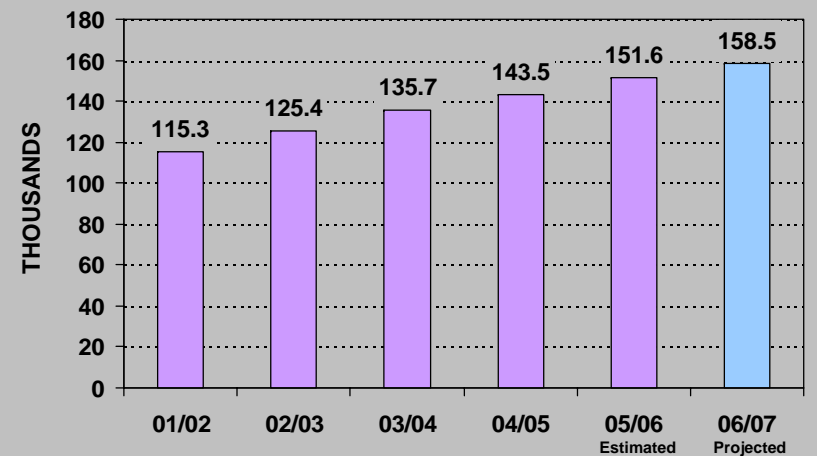
**CALIFORNIA WORK OPPORTUNITIES AND RESPONSIBILITY TO KIDS**



**INDIGENT AID**



**IHSS APPROVED CASES**



# General Government



## Arts Commission

- Increases by \$1.1 million grant funding for non-profit art organizations.

## Assessor

- Provides a \$10.0 million increase in funding to replace suspension of the Property Tax Administration Grant Program (PTAP) by the State.

## Auditor-Controller

- Adds \$2.6 million for eCAPS midrange computing and maintenance cost increases required for Countywide implementation of the new budget system.

## Treasurer and Tax Collector

- Includes \$0.4 million in funding for the Countywide eCommerce initiative.

# General Government



## Information Technology Infrastructure Fund

- Provides a \$7.0 million increase in funding for high priority telecommunication and information technology projects.

## eHR Project

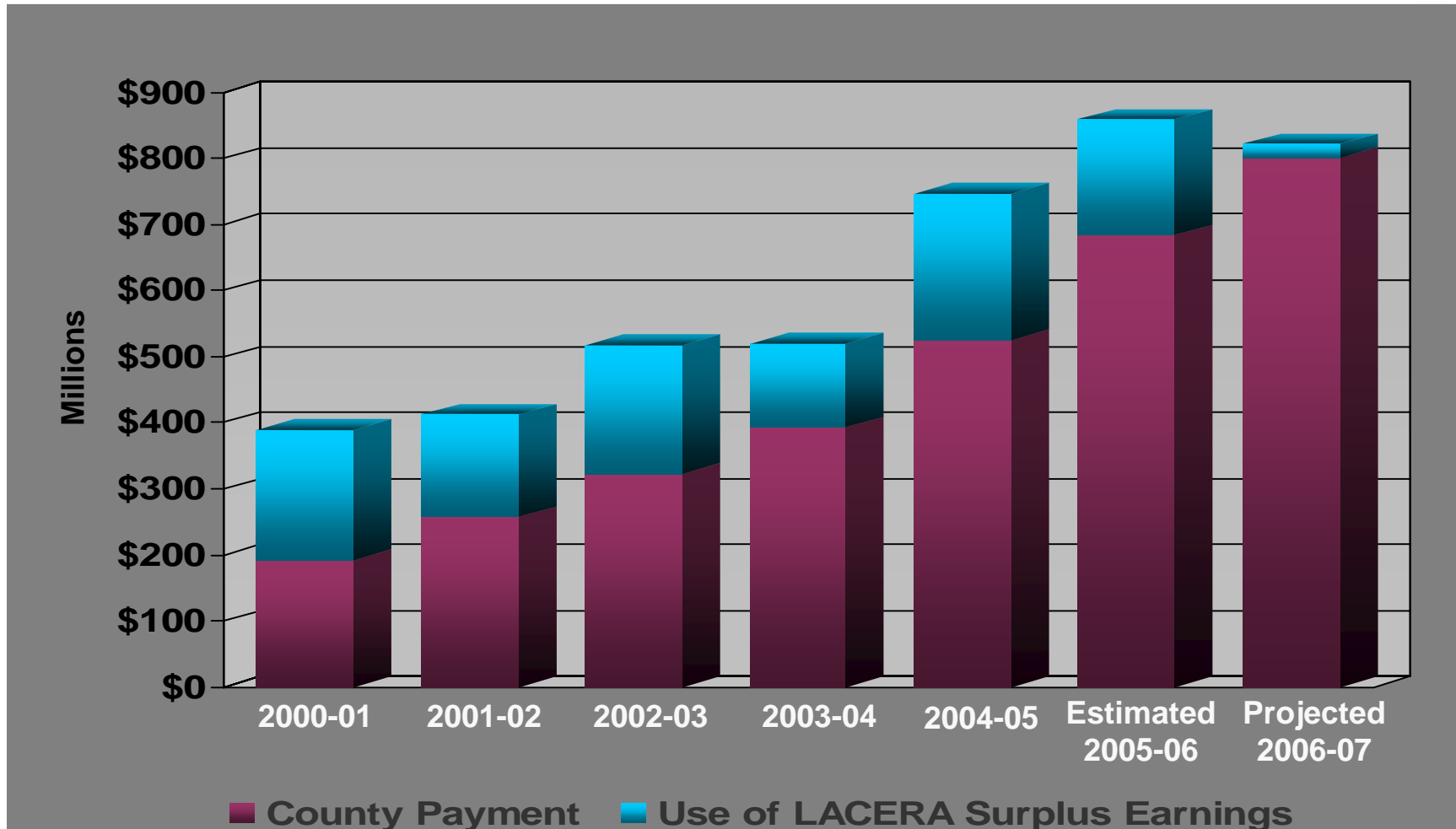
- Reflects a \$40.0 million designation to provide for the development and implementation of the human resources phase of the Countywide computer system.

# Other

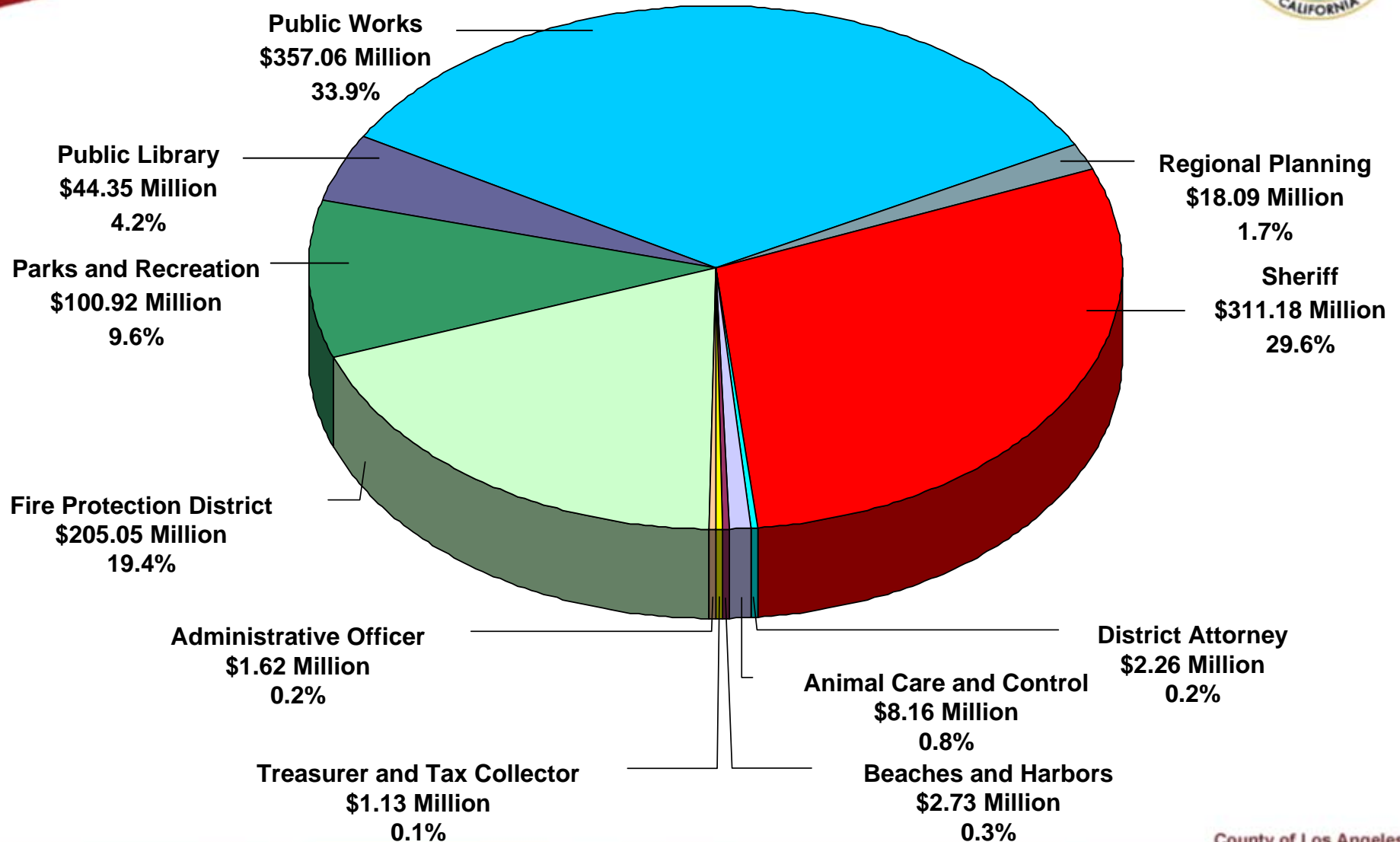


- Continuation of the multi-year effort to reduce reliance on Los Angeles County Employees Retirement Association (LACERA) excess earnings.
- Projected increase in utility costs of over \$16.0 million due to rate increases for electricity and natural gas.
- Provides funding for the annualized costs of Board approved salary and employee benefit increases, as well as anticipated increases in salaries and employee benefits.

# Use of LACERA Surplus Earnings



# Unincorporated Area Services Gross Appropriation \$1.053 Billion



# Performance Counts!



A performance measurement framework implemented in 2004-05 to report:

- Program Results – do they meet the intent of the County's efforts?
- Indicators – data available to measure results
- Operational measures – analysis of program quality

# Performance Counts!



The performance measurement report helps us answer two fundamental questions:

- ***Are County programs achieving the intended results?***

Example: Are youth employed or in secondary education six months after exiting job training programs?

- ***Are County programs provided in the right way?***

Was the cost of providing service reasonable?

Was the most effective provider selected?

Were clients satisfied with the service provided?

# Performance Counts!



The 2006-07 Proposed Budget expands the budget integration pilot to 12 additional departments, enhancing our ability to determine what results were achieved with what resources. All remaining departments are slated to integrate their budget data with *Performance Counts!* programs next year.

The 2006-07 Proposed Budget also reflects additional proposed STATS pilots – one in Animal Care & Control and one in a multi-departmental setting among the departments involved in the Florence-Firestone Community Enhancement Team. These efforts build on the successful DPSSStats effort, and involve frequent (often monthly) focus on performance data trends among management in a group setting to allow for enhanced analysis of the data, and development and tracking of targets for improvement.

# Children and Families Budget



The Fiscal Year (FY) 2006-07 Children and Families Budget (Budget) represents year five of a five-year implementation process of linking program performance measures with budget allocations, actual expenditures, and funding sources.

The Budget supports County Strategic Plan Goal 5: Children and Families' Well-Being by measuring the contribution the County and its partners are making towards improving the five outcomes adopted by the Board:

- Good Health
- Safety and Survival
- Economic Well-Being
- Social and Emotional Well-Being
- Education and Workforce Readiness

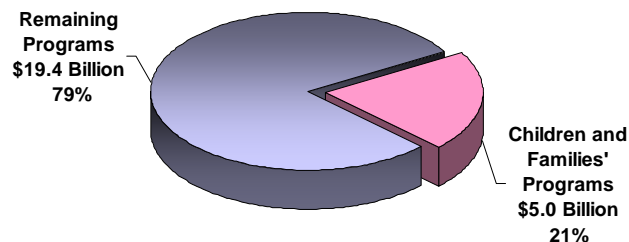


# Children and Families Budget

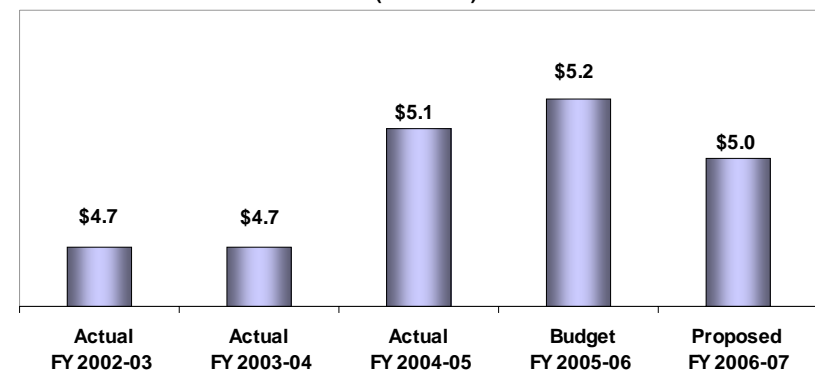


The FY 2006-07 Children and Families Budget is \$5.0 billion which reflects a .22 percent decrease in net appropriation of approximately \$11.2 million as compared to FY 2005-06.

**FY 2006-07 County Proposed Budget  
Compared to Children and Families Budget**



**Historical Children and Families'  
Program Funding**  
(In Billions)



Proposed spending for programs serving children and families accounts for 21 percent of the County's total Proposed Budget of \$19.4 billion.

# Children and Families Budget

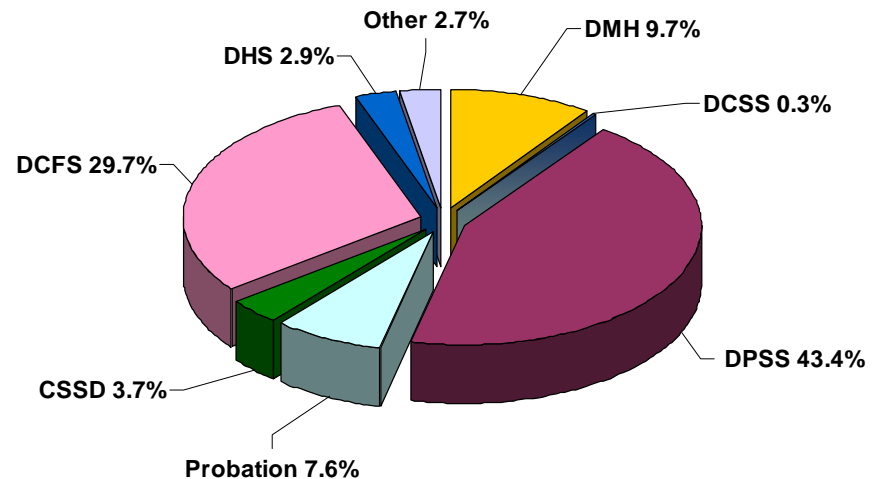


The proposed budgets for the following seven departments account for 97 percent of the total Children and Families Budget:

- Children and Family Services (DCFS)
- Child Support Services (CSSD)
- Community and Senior Services (DCSS)
- Health Services (DHS)
- Mental Health (DMH)
- Probation
- Public Social Services (DPSS)

The remaining 14 participating departments that provide programs serving children and families account for 3 percent of the total Budget.

Comparison of County Departments' Budgets for Programs Serving Children and Families

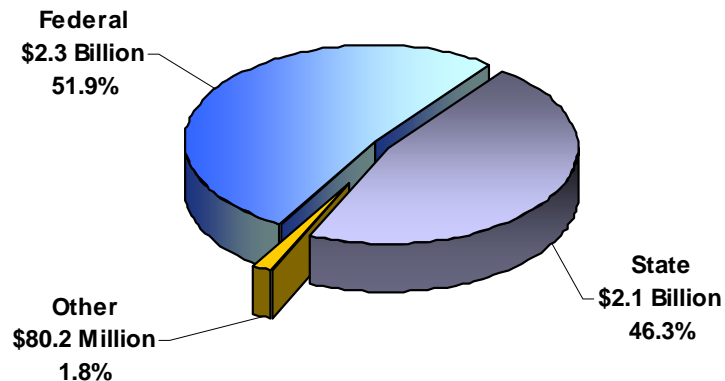


# Children and Families Budget

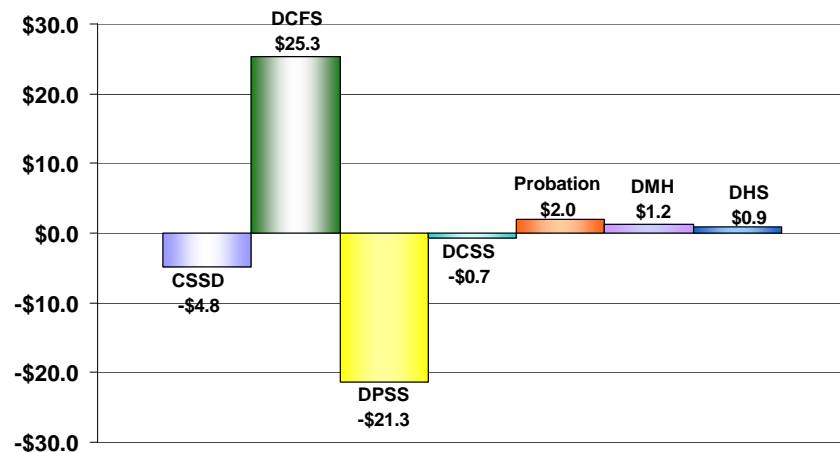


Federal, State, and Other revenue sources offset 89.3 percent of total program costs.

**Proposed Revenue by Category for FY 2006-07**

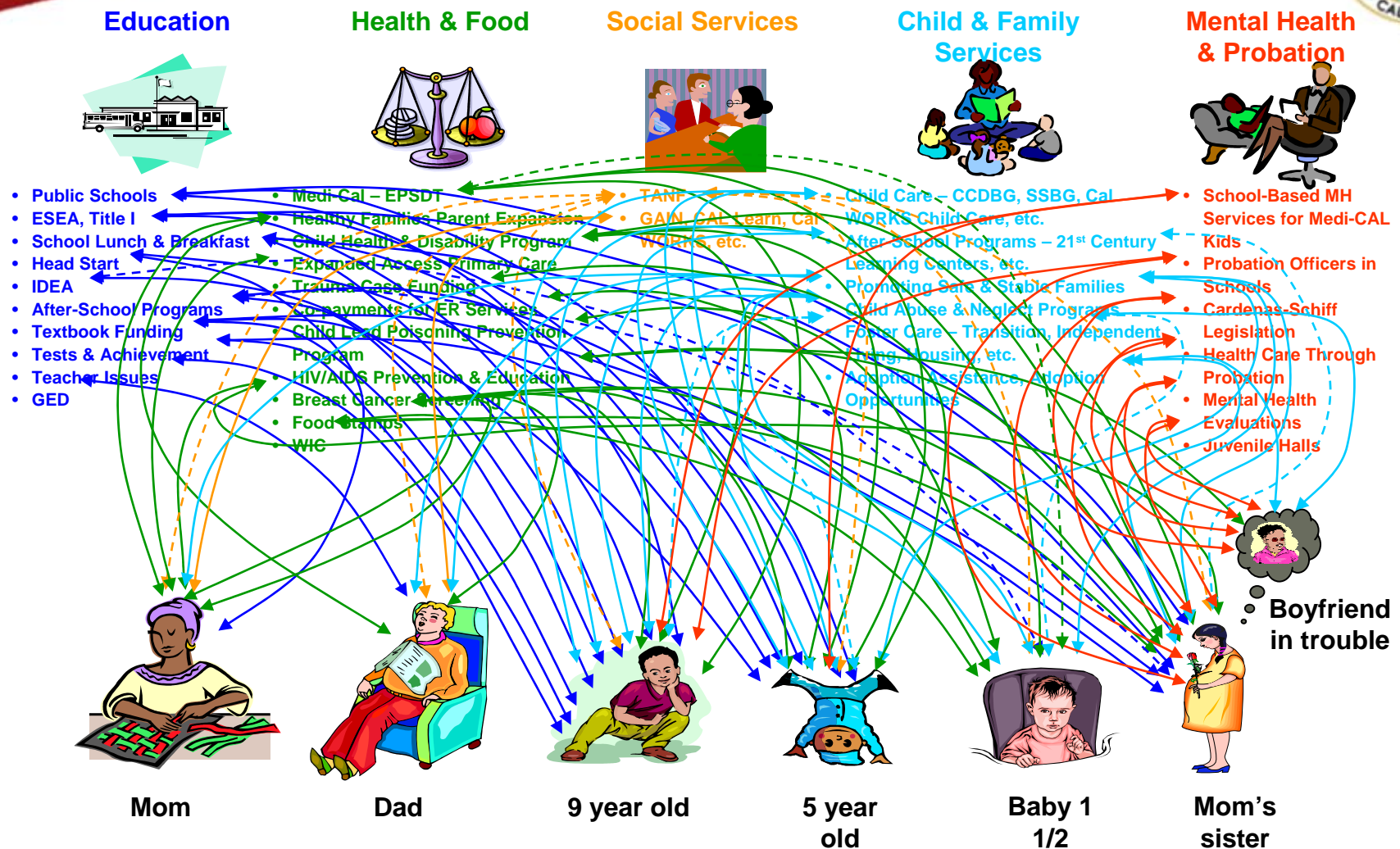


**FY 2006-07 Increases and Decreases in Revenue for Major Health and Human Services Departments (in Millions)**



County departments identified 114 unique revenue sources. DCFS is experiencing the greatest growth in revenue and DPSS is experiencing the greatest decline in revenue.

# Understanding LA Systems That Affect Families: A Diagram of How 40+ Programs Might Touch One Los Angeles Family



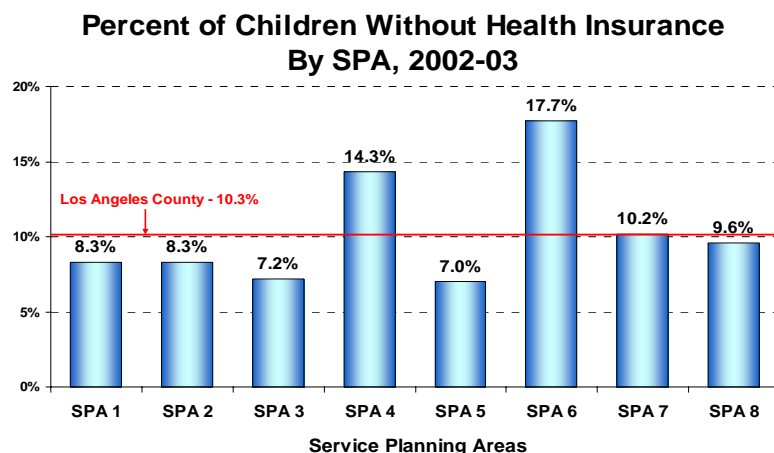
# LA County Programs Successfully Contributing to Outcomes: GOOD HEALTH



Department of Health Services (DHS):

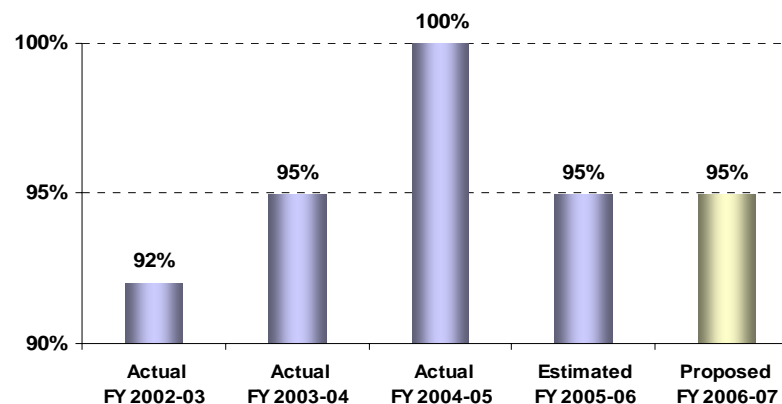
## Prenatal Care Guidance Program

In FY 2004-05, the program ensured that 100 percent of pregnant women participants were enrolled in Medi-Cal and other health coverage programs.



Through collaborative efforts the number of uninsured children Countywide decreased to 10.3 percent in 2002-03. The graph above depicts the proportion of uninsured children within each Service Planning Area (SPA).

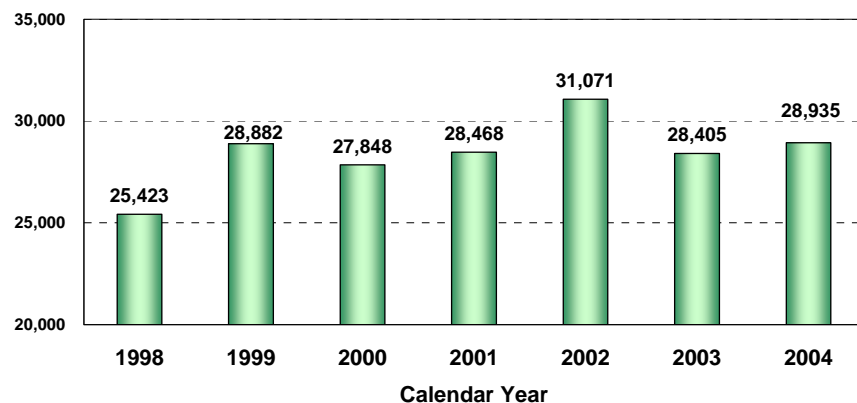
## Percent of Women Obtaining Medical Insurance Coverage



# LA County Programs Successfully Contributing to Outcomes: SAFETY AND SURVIVAL



**Substantiated Child Abuse and Neglect  
Referrals to Emergency Response  
County of Los Angeles Trends, 1998-2004**

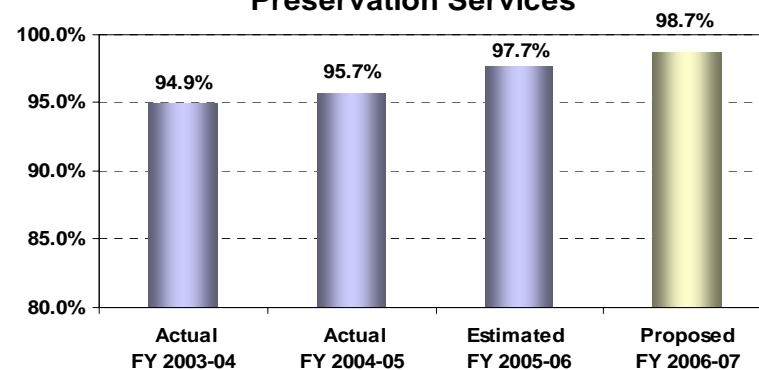


Emergency Response referrals have fluctuated between 25,000 and 29,000 since 1998 to 2004, highlighting the continued need to address conditions that adversely impact child safety.

**Department of Children and Family Services  
(DCFS): Family Preservation Services**

For children participating in Family Preservation Services, in FY 2003-04, approximately 95 percent of children did not experience a recurrence of abuse and/or neglect and this rate is expected to show continued improvement.

**Percent of Children Who Do Not have  
Recurrence of Substantiated  
Maltreatment while Receiving Family  
Preservation Services**

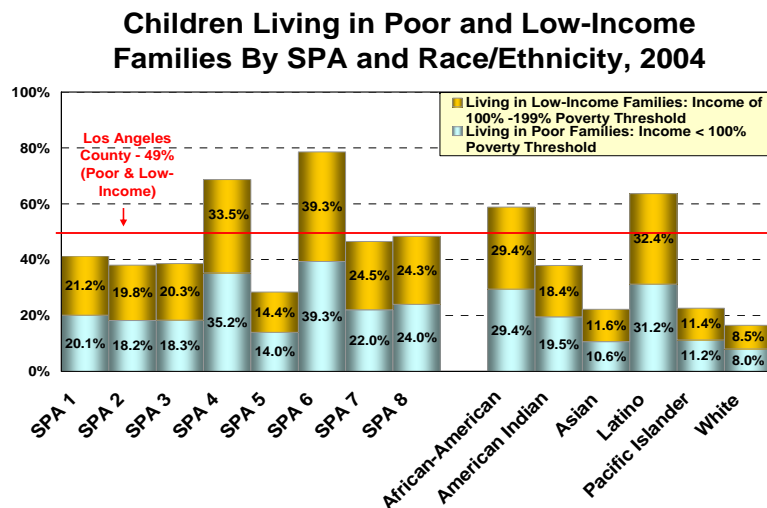


# LA County Programs Successfully Contributing to Outcomes: ECONOMIC WELL-BEING



## Child Support Services Department (CSSD)

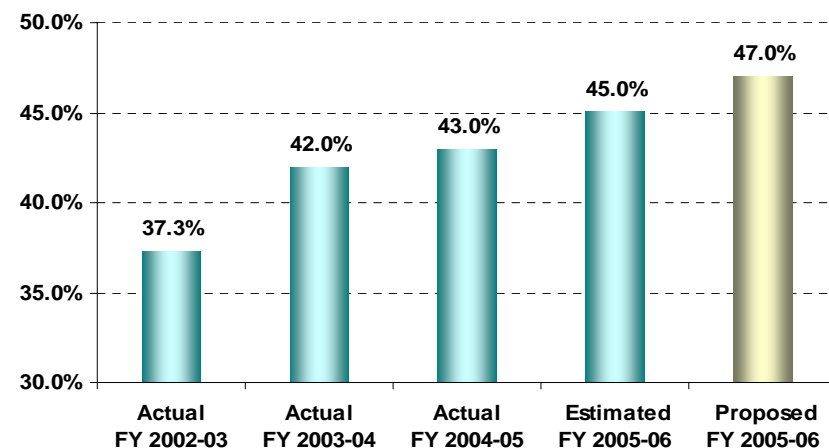
Child support helps to lift families out of poverty. CSSD has surpassed the federal minimum collection rate of 40 percent by increasing the County's collection rate to 43.0 percent in FY 2004-05.



## Children Living in Poor and Low-Income Families

In 2004, 49 percent of the County's children lived in poor and low-income families. A family of four was "poor" if they had an annual income of less than \$19,157. Families with earnings between \$19,157 and \$38,314 were considered "low-income."

## Percent of Current Child Support Collected

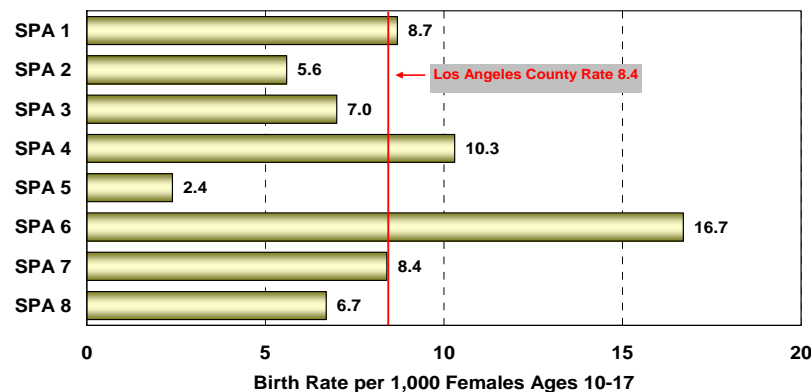


# LA County Programs Successfully Contributing to Outcomes: SOCIAL AND EMOTIONAL WELL-BEING



## DHS: Nurse- Family Partnership Program

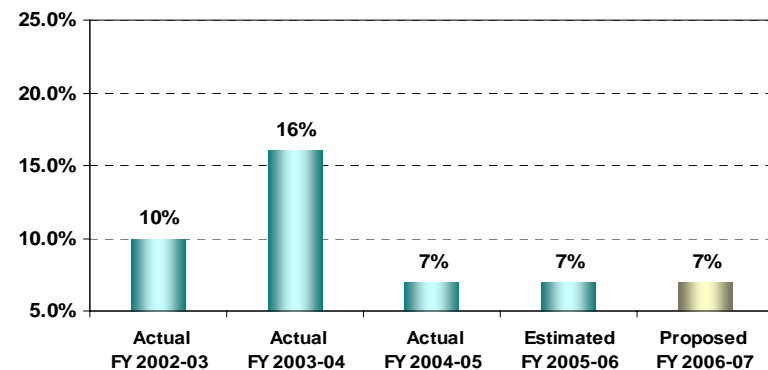
Teen Birth Rate (per 1,000 Females  
Ages 10-17) by Service Planning Areas, 2003



Between 1996 and 2004, the rate of births to teen mothers (per 1,000 females, ages 10-17) dropped significantly in the County to 8.4. This graph depicts the teen birth rate for each SPA.

The percent of Nurse-Family Partnership Program participants experiencing a subsequent pregnancy within 12 months of a delivery decreased approximately in half between FY 2003-04 and FY 2004-05.

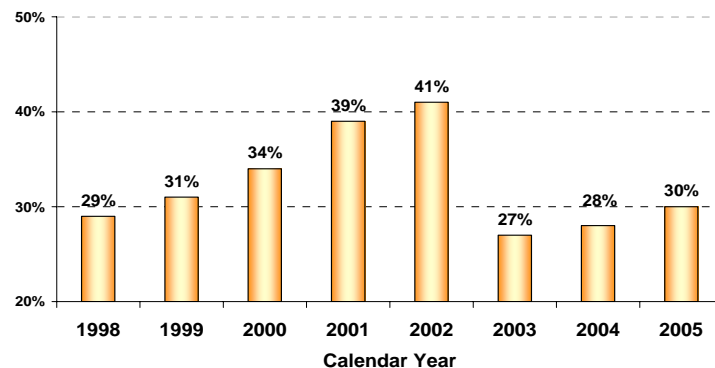
Percent of Minor Clients Who  
Experience a Subsequent Pregnancy by  
12 Months After Delivery



# LA County Programs Successfully Contributing to Outcomes: EDUCATION/WORKFORCE READINESS



**Public Third Grade Students Performing At or Above the National Average in Reading  
County of Los Angeles Trends, 1998-2005**

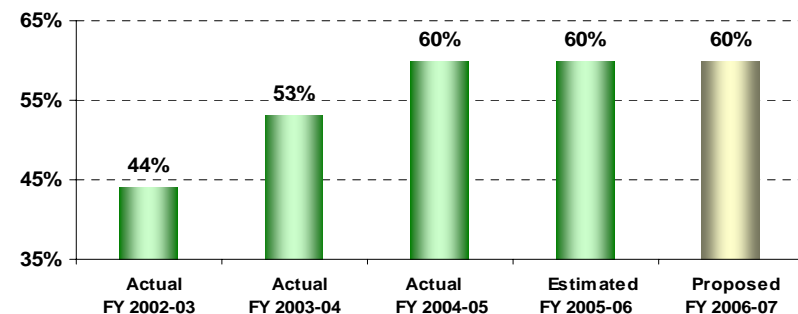


After a switch to a different reading test in 2003, the proportion of the County's third graders in public schools reading at or above the national average has climbed from 27 percent in 2003 to 30 percent in 2005.

## Probation Department: Operation Read

The Operation Read program, which teaches reading and phonics skills to Probation and DCFS foster youth, continues to demonstrate impressive results in participating youths' reading scores, with 60 percent of assessed youth attaining reading scores greater than one grade equivalent in FY 2004-05.

**Percent of Youth Assessed with  
Pre- and Post-Test Improved Reading  
Scores Greater than One Grade  
Equivalent**

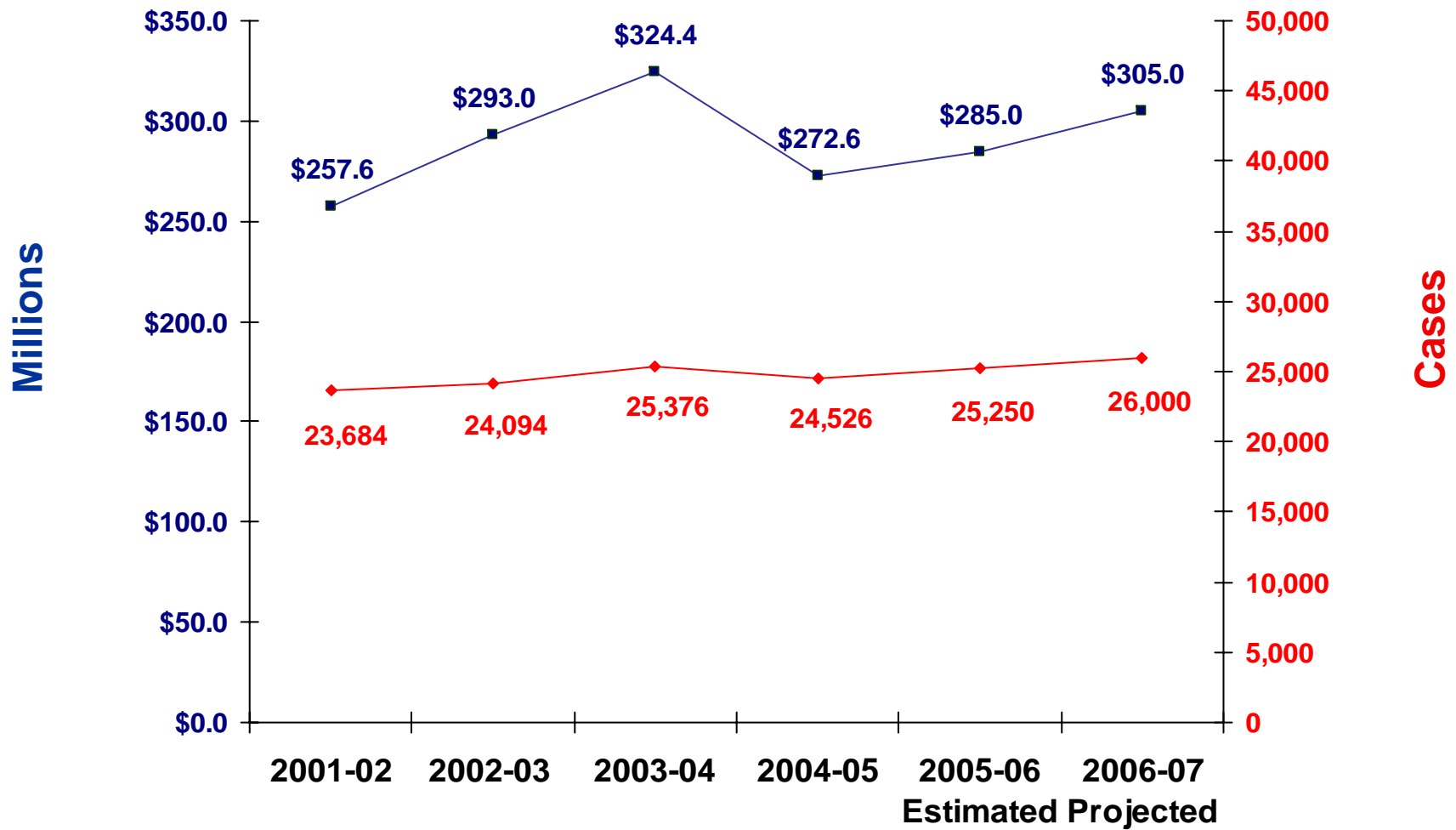


# Capital Projects Summary



- The Proposed 2006-07 Capital Projects/Refurbishments Budget reflects the carryover of \$781.6 million in appropriation to continue the development, design, and construction of 496 high priority projects, including:
  - Completion of the LAC+USC Medical Center Replacement Project
  - Construction of the Countywide Data Center
  - Development, design, and construction of capital projects at County parks, beaches, libraries, and health, public protection, general government, and public works facilities.
- Nearly \$377.8 million in appropriation is offset by revenue with the remaining \$403.9 million funded by local discretionary funds.
- Total value of the projects under development, design, or construction is estimated at \$2.5 billion.

# Workers' Compensation History



# Financing Assumptions



| Major Revenue Source       | Estimated Growth |
|----------------------------|------------------|
| Property Tax               | 8.5%             |
| Local Sales Tax            | 3.5%             |
| Sales Tax – Realignment    | 3.5%             |
| Public Safety Augmentation | 3.5%             |
| State Realignment - VLF    | 6.1%             |

*Growth estimates based on UCLA Anderson Forecast, State Legislative Analyst Office, Department of Finance and State Controller's Office assumptions, applied to actual collection experience.*

# State Budget Impact



- Overall impact of Governor's Proposed Budget is substantially less than in prior years due in part to the passage of Proposition 1A.
- Proposition 1A prevents the State from reallocating local property taxes to meet their obligation to fund schools.

# Governor's Proposed Budget Potential Impacts



Potential State budget reductions not addressed in the Proposed Budget include:

- CalWORKs Program Reductions - \$88.2 million
  - Child Care Allocation - \$38.2 million
  - County Single Allocation - \$40.0 million
  - Pay for Performance Allocation - \$10.0 million
- AB 3632 Program Reductions - \$3.3 million

# Potential Federal Budget Impact



The President's Federal FY 2007 Budget proposed major reductions to the following programs:

- State Criminal Alien Assistance Program (Elimination)
- Community Development Block Grant – 25% Reduction
- Justice Assistance Block Grant (Elimination)
- Community Services Block Grant (Elimination)
- Social Services Block Grant – 30% Reduction

The President's Proposed Budget would reduce Medicaid funding for government providers by \$6.0 billion over five years, which could potentially cost the County's public hospitals \$200.0 million a year.

# County of Los Angeles 2006-07 Proposed Budget

